

**Massachusetts Community Action Program Directors’
Association
Massachusetts Energy Directors Association**

November 28, 2005

Mary Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, second floor
Boston, Mass. 02110

RE: D.T.E.01-106-C, Discount Rate Participation
Comments of the Massachusetts Community Action Program Directors’
Association and the Massachusetts Energy Directors Association

Dear Secretary Cottrell:

This is the statement of the Massachusetts Community Action Program Directors’ Association (MASSCAP) and the Massachusetts Energy Directors Association (MEDA) in response to the Attorney General’s Motion for Reconsideration.

MASSCAP and MEDA are grateful to the Commission for the seriousness and persistence with which it has approached the many difficult practical and policy issues in this docket. In particular, MASSCAP and MEDA thank the Commission for adopting a cost recovery mechanism to remove the disincentive that has existed against signing up and retaining eligible customers for the low-income discount.

However, MASSCAP and MEDA strongly support the Attorney General’s point (in section D) that, as designed, the cost recovery mechanism could have the perverse effect of providing a windfall if a utility *reduced* the number of customers receiving the low-income discount rate. This is exactly the opposite of the Commission’s laudable intent of increasing participation of eligible low-income customers in discounted electric and gas service.

The mechanism would appropriately increase cost recovery as low-income rate subscription increases, thus appropriately making utilities financially indifferent to an increase in the number of discount subscribers. However, after an increase in discount rate subscription, the mechanism explicitly provides that there be no decrease in cost recovery where the lost revenues due to the discount shrinks if discount rate enrollment declines. In this way, utilities are no longer financially indifferent to low-income discount subscription. Instead, as fewer low-income families subscribe to the low-income rate, a utility’s profit would increase since the utility would continue to collect for low-income discounts *not* provided.

MASSCAP and MEDA agree with the Attorney General that the “cost recovery mechanism should leave the utilities economically indifferent and revenue neutral.” In order to accomplish that objective, the cost recovery mechanism should be adjusted to track both increases and decreases in revenues lost due to subscription to the low-income discount.

Respectfully submitted,

Massachusetts Community Action Program Directors’
Association and the Massachusetts Energy Directors Association

By their counsel,

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cc: Service List